

OFFICIAL PROCEEDINGS OF THE BOARD OF TRUSTEES CITY OF LANSING POLICE AND FIRE RETIREMENT SYSTEM

Regular Meeting
Council Conference Room
10th Floor, City Hall
Lansing, MI

February 21, 2017
Tuesday, 8:30 a.m.

The Board was called to order at 8:34 a.m.

Present: Trustees Fabus, Good, Oleson, Rose, St. Aubin, Wilcox, Wohlfert, Wood – 7.

Absent: Trustee Bernero

Others: Karen E. Williams, Angela Bennett, Finance Department; Attorney Ken Lane, Clark Hill (representing the City Attorney's Office).

It was moved by Trustee Good and supported by Trustee Wohlfert to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of January 17, 2017.

Adopted by the following vote: 7– 0

There were no public comments.

Secretary's Report.

0 new fire member(s), 6 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total: Active membership: 344. 3 death(s), Gail Bissell died 1/4/2017, age 81, spouse of Fire retiree; Barbara Glumm died 10/14/2016, age 90, spouse of Fire retiree; Kenneth Woods, Police, died 1/25/2017, age 69, spouse to receive 50%. Refunds made since the last regular meeting amounted to \$0.00. Reimbursements to the System year-to-date amount to \$0.00. Retirement allowances paid for the month of January 2017, amounted to \$2,581,838.19. Total retirement checks printed for the P&F System: 732. Total retirement checks printed for both systems: 1640. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

It was moved by Trustee Wohlfert and supported by Trustee Good to approve the following application for Regular Age and Service Retirement:

Michael Hamilton, Fire Department, age 50, 25 years of service credit, effective February 24, 2017.

Adopted by the following vote: 7 – 0.

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There were no requests for Duty Disability retirements.

There were no requests for Non Duty Disability retirements.

There were no requests for Refund of Accumulated Contributions.

Karen Williams reported that MAPERS is offering a One Day Seminar, March 10, 2017 in Ann Arbor. Ms. Williams requested that members who were interested in attending to contact the Retirement Office.

Attorney Ken Lane reported that a draft of the Retirement Ordinance has been referred to the City Council. Attorney Lane also forwarded a copy to Board members for review.

Trustee Wood reported that the City Council did receive the Retirement Ordinance and that the Ordinance had been referred to the Police and Fire Retirement Board for review.

Attorney Lane distributed the approved vendor policy. Attorney Lane discussed Public Act 530 which amends Public Act 314 that requires pension and retirement health systems to provide an annual report to the State Treasurer's Office as of March 29, 2017. There were no official guidelines posted for submitting reports yet.

Attorney Lane reviewed Public Act 345 regarding who is responsible for paying a medical review panel for disabilities. Attorney Lane indicated that the public act states that the systems are responsible for paying for all of the doctors. However, some plans have modified their systems regarding the implementation of the medical review panel.

Attorney Lane provided an overview of the NCPERS ethics policy for vendors. He believed it was a good idea for the Board to review. NCPERS provided questions and possible answers to vendors who refused to sign the document. Attorney Lane will provide copies of the policies next month.

The Police and Fire Retirement System Board reviewed the Actuarial Experience Study for recommendations for changes to the economic assumptions, mortality assumptions and demographic assumptions. The recommendations included lowering the inflation rate to 2.75% and investment return rate to 7.25%.

Ms. Angela Bennett provided a spread-sheet with recommendations for a phase-in of actuarial assumptions and its effect on the City contributions. The Board discussed the recommendations in light of city budget constraints.

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Ms. Bennett explained that at the January meeting, the Employees Retirement System voted to lower their interest rate to 7.4%. Ms. Bennett recommended a three year phase proposal for the Police and Fire Retirement System. The first rate for Fiscal Year 2018 would be 7.45% to help smooth the City contributions; with 7.35% for Fiscal Year 2019; and 7.25% for Fiscal Year 2020.

Trustee Wohlfert expressed concern about the timeframe of the three year phase. Trustee Wohlfert recommended a shorter phase-in and preferred to lower the rate to 7.35% for Fiscal year 2018.

Ms. Bennett explained that the three year phase-in would provide more stable increases in the contributions per year.

It was moved by Trustee Wohlfert and supported by Trustee Wood to lower the interest rate to 7.35% with the intent of revisiting the interest rate next year.

Ms. Bennett indicated that the rate of 7.35% would result in an increase of \$1 million to the City contribution for the Police and Fire Retirement System.

Adopted by the following vote: 7 – 0

The Police and Fire Retirement Board approved the following subcommittee memberships:

Disability Committee – Fabus, Good, Wilcox, Wohlfert
Investment Committee – Rose, Wohlfert, Wood Wilcox, Good
Education Committee – Wilcox, St. Aubin, Wood
Special Projects – St. Aubin, Wood, Wohlfert, Ex-Officio Legal Counsel

The Board discussed having Tegrity come to a Board meeting to provide a performance review. Ms. Bennett indicated that the Information Technology Department made her aware of recent changes at the company that included layoffs.

Karen Williams reported that GRS sent a proposed fee of \$3,000 to update the minute master service.

Attorney Lane provided a sample RFP for medical director. The Board referred the medical director review to the special projects subcommittee.

Ms. Williams reviewed the quarterly expense report and the securities lending report for the month of January 2017

Trustee Wood inquired about the Board's data if something that happened to Tegrity or if they went out of business.

The Retirement Board requested that the CEO and Pension Administration director attend the next meeting to for a due diligence meeting to discuss changes within the company.

Angela Bennett indicated that the Police and Fire Retirement Board needed to adjust its inflation rate to coordinate the lowered interest rate of 7.35%.

Trustee St. Aubin contacted Gregory Stump by telephone to inquire what number the inflation rate should be lowered to match the phased-in of 7.35%.

Mr. Gregory Stump indicated by phone that the inflation rate needed to be lowered to 2.85%

It was moved by Trustee Wood and supported by Trustee Wohlfert to lower the inflation rate to 2.85% for fiscal year 2018.

Adopted by the following vote: 7 -0.

It was moved by Trustee Wilcox and supported by Trustee Fabus to adjourn the meeting.

Adopted by the following vote: 6 -0

The meeting adjourned at 9:27 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System